

Public Policies

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State focuses on insurance education for Missouri teens in September

*Web-based curriculum available for students, teachers,
parents on insurance*

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Public Policies

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Public Policies serves as a key communications link between MDI and Missouri's legislators, weekly and broadcast media, industry observers and trade associations.

**Comments or questions,
call 573-526-2946.**

Did you know...

...An auto accident goes on your insurance record (and your premiums likely increase) if you loan your car to a friend who wrecks it?

...You may commit criminal insurance fraud if you remain on your parent's health insurance policy after you end your education and leave home?

...You are personally liable for medical and property damages that cost more than the state's minimum coverage for obtaining license plates?

...If you allow your auto policy to lapse for more than 30 days, you may have to pay much more for coverage as a "high-risk" driver?

Gov. Bob Holden declared September "Insurance Education for Teens Month" to promote teaching young Missourians about how to buy insurance wisely and avoid problems associated with auto accidents, illness and other personal crises.

This month, the Missouri Department of Insurance (MDI) and the Missouri Insurance Education Foundation are spreading the word about insurance basics with new Internet teaching tools that students can use independently or teachers can adapt to the

classroom.

"The best consumers are well-educated about their needs, the array of benefits that insurers can provide and the most common pitfalls and misconceptions about insurance coverage," said Scott Lakin, director of the Missouri Department of Insurance. "We have expanded our efforts to inform Missouri's youth and increase the quality of materials available for teaching about insurance basics. The topic isn't flashy — but smart insurance coverage is vital to protecting the financial future for tomorrow's families."

Middle-income families can spend as much as 10 percent of their budgets on insurance, particularly if they have young drivers.

(See Insurance Education, p. 2)



MDI Director Scott Lakin, Gloria Stegeman, Janet Duncan, John Korte and Gov. Bob Holden during Governor's Award for Quality and Productivity ceremony. (Related story on page 3).

Insurance Education

(continued from p. 1)

Working with the Governor's Youth Cabinet, MDI staff developed curriculum materials for high-school students on insurance basics available at insurance.mo.gov/consumer/teens. In the past year, more than 32,000 Missouri teachers and students have used the Web site.

The information covers:

- General insurance topics, like how deductibles function. (Deductibles increase or lower premiums because they adjust the out-of-pocket expenses not covered by insurance companies for insurance claims.)
- Auto insurance — the area in which most teens likely have their first close contact with insurance coverage, its costs and the responsibilities involved.
- Renters and homeowners insurance. As students and workers leave their parents' homes, teens likely will encounter the need for renters insurance, which at relatively low cost covers personal belongings and treatment of visitors' injuries in apartments.
- Health insurance. While most high-school students are carried on their parents' policies, the rising cost of health insurance may force college students and young workers to consider other options as they grow older, and insurers are cracking down on fraud that occurs when parents carry children past policy age limits.

Lakin said teachers in family and consumer education classes may contact John Korte at 573-751-1949 for more information about MDI resources or to arrange guest speakers on insurance issues. Teachers can find classroom materials and lesson plans on MDI's educator Web site at insurance.state.mo.us/consumer/teens/educators.

Teachers may visit the foundation's web site at www.mief.org for information on its interactive CD and other materials; the foundation sponsors college scholarships in the field.

The MDI staff who developed the teen initiative received the 2004 Governor's Award for Quality and Productivity this week.

The MDI Web site also provides links to other sources of insurance information and a list of colleges that provide insurance majors.



Lakin: Missouri accepts Web non-resident applications

Internet innovation is first step toward expanding services for Missouri residents

MDI now allows non-residents to apply and pay fees for new or expanded agent licenses over the Internet.

The new electronic licensing option represents a first step toward allowing Missouri-resident insurance agents and brokers — now known as insurance “producers” under state law — to use simple Internet procedures for licensing, said Scott Lakin, the department director.

For now, the Internet procedures are available only to new applicants who live outside Missouri and non-residents seeking authority to sell additional lines of coverage. The new electronic process does not extend to non-resident renewals yet, but MDI is planning to add that capability later.

“We expect to make the electronic alternative to Missouri resident agents as soon as possible,” Lakin said, noting the department is working with other states through the National Association of Insurance Commissioners (NAIC) to achieve greater ease and uniformity of licensing.

“Both the producers and state staff will benefit from the paperless convenience of electronic licensing.”

Insurance producers often have licenses in several states, particularly to serve business accounts. Of almost 100,000 producers licensed by the Missouri department, more than 50,000 live outside the state. To get a non-resident license, agents must:

- Hold an active resident license in a state participating in the NAIC producer database. Non-resident insurance agencies may also apply online.
- Apply for one of the major lines of insurance authority: life, accident and health, property, casualty, personal lines or variable life and annuity. Applicants for a surplus lines or limited lines licenses cannot apply electronically.
- Use a Visa, MasterCard or American Express credit card.
- Use a personal computer with the Windows 95/98/NT or 2000 operating system and the Internet Explorer 4.x, 5.x or Netscape Communicator/Navigator 4.x browsers. The browser must support JavaScript 1.2 encryption.

To reach the electronic application, producers should use the “electronic non-resident licensing” link provided on the MDI home page at www.insurance.mo.gov or at www.licenseregistry.com.

After credit card data has been submitted and application information has been validated, applicants will receive an electronic notice that they have been approved and, by mail, a paper copy of the license.

Questions on the non-resident licensing process should go to the MDI licensing section at (573) 751-3518; Melissa Meyer at (816) 783-8831 or mmeyer@naic.org; or Matthew Rausch at (816) 783-8771 or mrausch@naic.org.



Holden recognizes employees for saving tax dollars, increasing state's efficiency, productivity

Gov. Bob Holden has recognized 11 teams of state employees with the prestigious Governor's Award for Quality and Productivity for saving money and time and by increasing efficiencies in business processes, goods and service delivery to Missouri citizens.

This year marks the 16th anniversary of recognizing the collective efforts of state government employee teams that increase quality and productivity. Department and agencies in the state nominated 50 teams for the award. A selection committee recommended 11 winning teams that received awards at a ceremony in the Capitol.

The award was established in 1988 by the Governor's Advisory Council on Quality and Productivity to identify and recognize service excellence, encourage efficiency, reward innovation and reinforce pride in service to Missouri state government.

Holden told the audience in the Capitol Rotunda that the recipients represent the tremendous quality of state government. "Producing savings and a quality product and services does not happen by accident," Holden said. "You demonstrate a desire to provide our citizens with the best value for the resources they have entrusted to us." Following is a brief description of the each team project:

Insurance Education

Initiative Team - Department of Insurance

The team focuses on educating Missourians ages 14 to 24 about types of insurance, need for insurance, and wise insurance purchases and coverage decisions. The initiative also assists Missouri educators by giving them lesson plans and classroom materials to aid in the teaching of insurance concepts. Since implementation, the team has reached more than 32,000 students, teachers and advisors. The insurance personnel operate the initiative in addition to their regular duties.

Recognized were John Korte, MDI life and health insurance product analyst; Gloria Stegeman, consumer services specialist; Molly White, managed care supervisor; and Janet Duncan, the former MDI HMO data analyst who now is assistant director of data analysis for the Missouri Department of Elementary and Secondary Education.

State Portal Newsfeed Development Team

Employees from 17 state agencies developed a system that enables agencies to share the state's news feed portal at little or no cost to the agency. This system publishes the news from 18 government agencies, offices and organizations at the top of each hour on the



Kevin Lanahan,
MDI Webmaster

state homepage, in addition to providing continuous newsfeed to Web sites in the public sector.

Kevin Lanahan, the Department of Insurance Webmaster, was among the recipients.

Charitable Campaign Improvement Team

The Charitable Campaign Improvement Team increased employee participation, reduced costs and increased services. The "Buck-A-Month" promotion for first-time donors produced a 15 percent increase in employee participation and a corresponding increase in donations from \$983,600 to \$996,500. The team developed strategies to reduce the campaign's overall administrative cost by 24 percent and reduced promotional and campaign material distribution cost by more than 50 percent. Also, at no cost to the campaign, the team created comprehensive database and system processes for more integrated data flow.

The honorees included Steve Hope, the MDI personnel officer.



Steve Hope,
MDI human
resource director

Department of Economic Development

The Nursing Investigations Team focused on a Board of Nursing initiative to redirect funds toward research, analysis, and education that promote patient safety without raising fees. The team concentrated on the investigation process, which included disbursement and time management issues to improve efficiency.

As a result, the team reduced the number of investigations sent to contracted investigators from 53 percent to 5 percent in one year. Likewise, the team reduced the time each investigation remained open from 74 to 57 days, which is a 23 percent reduction. In addition, and as a direct result of this initiative, the cost incurred during investigations dropped by 65 percent.

(See *state's efficiency*, p. 4)

state's efficiency

(continued from p. 3)

Department of Corrections

The Central Transportation Unit is responsible for transporting offenders to the DOC from locations throughout the United States. The department consolidated the three regional units to a centralized entity to provide more efficient services and reduced cost.

Department of Corrections

In 2002, the Victim Services Unit served 29,000 victims of crime in the state, which is an increase from 6,500 in 1997. The Victim Services team improved the victim notification process to ensure that the department met statutory mandates with no additional cost to the department. The team has a 100 percent success rate 30-day advance notification parole hearings to victims.

Department of Labor and Industrial Relations

The Appeals Process Improvement Team developed recommendations to reduce the backlog of appeals and streamline the process. Citizens filed more than 300 appeals each day, to a section that could only process 150 appeals per day. Since implementing the recommendations of this team, the section processes more than 80 percent of unemployment insurance appeals in less than 30 days.

Multicultural Affairs Committee - Department of Natural Resources

The Multicultural Affairs Committee's (MAC) mission is to assist the Department of Natural Resource's Executive Staff in creating an environment where employees understand, appreciate and respect cultural differences. Minority vendor usage has increased from 9.3 percent to the current percentage of 16.4 percent.

Missouri Results Heads Mail Team - Office of Administration

The Missouri Results Initiative Mail Team developed strategies to reduce the cost of mailing services in the state. It accomplished a number of significant cost saving measures resulting in overall savings of more than \$1.8 million. Increased use of direct deposits resulted in reductions of pieces of mail distributed, saving one agency more than \$624,000, and a drop of at least 10 percent in mail volume with the majority of other state agencies. Mail bundling, eliminating certified mail, using bulk rates and other services of the U.S. Postal Service saved an estimated \$498,000 in annual mail costs. Team members also renegotiated a software contract to provide expanded services and maximum postage discounts.

Error Reduction Team

- Department of Revenue

The General Registration Error Reduction Team's goal was to reduce the 500,000 motor vehicle registration records in an error file. Since these records were in an error file, the registration information was not available to law enforcement agencies and citizens were not receiving registration renewal notices. This team reduced

the number of errors to the current file of 28,000 and trained 75 employees to work the daily error briefs to ensure the continued reduction of the number of records in the error file. This training has reduced the percentage of registrations in error from 6 percent to 3.3 percent.

Internet Notice Team

- Department of Revenue

The Internet Notice Lien (NOL) Filing and Record Team developed an Internet based system that allows automotive lienholders/dealers to file NOLs and look up titling and lien records on-line 24 hours a day, seven days a week. This program reduced the volume of paper NOLs filed (27 percent in March 2004), and process cycle time for filing a NOL has been decreased from 26 business days to one day.



MDI Director Scott Lakin introduces the MDI Education Initiative Team and thanks them for their dedication to the department.

MDI Regulatory Actions

June, July & August 2004

Legal action - agents, agencies, brokers, companies

Sharon Coggins, Cottleville, MO, voluntary forfeiture of license for failure to respond and failure to notify the department of an address change.

Lewis D. McBride, Oklahoma City, OK, voluntarily surrendered license for misrepresentation of insurance product/policy.

Dean Mentink, Rolla, MO, license suspended for lack of fitness or trustworthiness.

James A. Parks, Neosho, MO, \$600 forfeiture for demonstrating lack of fitness or trustworthiness.

Tina White, Wildwood, MO, \$1,700 forfeiture for lack of fitness or trustworthiness.

Columbian National Title Insurance Co., Topeka, KS, \$300 forfeiture for using false name.

Cumberland Casualty & Surety Co., Tallahassee, FL, certificate of authority suspended.

Life and Health Insurance Co. of America, Plymouth Meeting, PA, certificate of authority suspended.

NETCO Title, Inc., St. Louis, MO, \$200 forfeiture for demonstrating lack of competence.

Protective National Insurance Co., Omaha, NE, certificate of authority revoked for failing to file annual statement.

Statewide Insurance Co., Waukegan, IL, certificate of authority revoked for failing to file annual statement.

A Title Escrow Co. Inc., Freeport, IL, \$400 forfeiture for failure to respond.

Triton Insurance Co., Fort Worth, TX, acquired **Aristar Insurance Co.**, Columbia, SC.

Wyandotte Title and Escrow Inc., Kansas City, MO, \$1,600 forfeiture for operating without a license.

Financial Exams

American Healthcare Inc. (prelicensing), Springfield, MO

Arch Insurance Co., New York, NY

Caterpillar Life Insurance Co., Nashville, TN

Catholic Knights of America, St. Louis, MO

Chariton County Insurance Co., Mendon, MO

Farmers Insurance Co. of Benton County, Warsaw, MO

Farmers Insurance Co. of Cole Camp, Cole Camp, MO

Farmers Insurance Co. of Scotland County, Memphis, MO

Farmers Mutual Fire & Lighting Insurance Co. of Howard County, Fayette, MO

Farmers Mutual Insurance Co. of Pettis County, Sedalia, MO

German Mutual Insurance Co., Russellville, MO

Lewer Life Insurance Co., Kansas City, MO

Paragon Life Insurance Co., St. Louis, MO

Preferred Physicians RRG, Shawnee Mission, KS

Savers Property & Casualty Ins Co., Southfield, MI

Texas County Mutual Insurance Co., Licking, MO

Company Changes

Ace Guaranty Corp., New York, NY, changed its name to **Assured Guaranty Corp.**

Accuflex Services Inc., Addison, TX, was admitted as a third party administrator (TPA).

Aet Health Care Plan Inc., Hartford, CT, (formerly Prudential) withdrew as an HMO.

American Healthcare Inc., Springfield, MO, was admitted as a prepaid dental.

American Western Life Insurance Co., Utah, certificate of authority suspended.

APS HealthCare Bethesda Inc., Silver Spring, MD, withdrew as a TPA.

Associated International Insurance Co., Deerfield, IL, redomesticated from California to Illinois.

Benicomp Inc., Fort Wayne, IN, was admitted as a TPA.

(See Regulatory actions, p. 6)

Regulatory actions

(continued from p. 7)

Best Life and Health Insurance Co., Texas, redomesticated from California to Texas.

CIGNA Life Insurance Co., Hartford, CT, changed its name to **Prudential Retirement Insurance and Annuity Co.**

Claim Indemnity Services Inc., Oklahoma City, OK, was admitted as a TPA.

Combined Underwriters Life Insurance Co., Austin, TX, changed its name to **Citizens National Life Insurance Co.**

Consumers Life Insurance Co., Birmingham, AL, redomesticated from Delaware to Ohio.

The Continental Insurance Co., Chicago, IL, redomesticated from New Hampshire to South Carolina.

Cumberland Casualty Surety Co., Tampa, FL, certificate of authority was suspended.

DreamLife Administration LLC, Scottsdale, AZ, was admitted as a TPA.

Emergency Medicine Risk Retention Group, Inc., Charleston, SC, registered as a risk retention group.

Essential Risk Retention Group, Inc., Charleston, SC, registered as a risk retention group.

Family Life Insurance Co., Austin, TX, redomesticated from Washington to Texas.

Farmers Mutual Protective Association of Benton County, Lincoln, MO, converted to a Missouri mutual with fire, windstorm and liability authority.

Fidelity and Casualty Co. of New York, Chicago, IL, redomesticated from New Hampshire to South Carolina.

Financial American Life Insurance Co., Madison, WI, redomesticated from Illinois to Kansas.

First Alliance Corp., Lexington, KT, withdrew as a TPA.

Garrison Property and Casualty Association, San Antonio, TX, changed its name to **Garrison Property and Casualty Insurance Co.**

General Fidelity Insurance Co., Charlotte, NC, liability and miscellaneous authority.

GUIC Insurance Co., Amelia, OH, was admitted with property, liability and miscellaneous authority.

First Community Insurance Co., Santa Barbara, CA, changed its name to **Fidelity National Property and Casualty Co.**

General Fire & Casualty Co., Boise, ID, added miscellaneous authority.

Great Americans Spirit Insurance Co., Cincinnati, OH, added fidelity and surety and miscellaneous authority.

Investors Marketing Group, Inc., Jacksonville, FL, withdrew as a TPA.

Keystone Mercy Health Plan, Philadelphia, PA, withdrew as a TPA.

Life and Health Insurance Co. of America, Plymouth Meeting, PA, certificate of authority was suspended.

Lockton Risk Services LLC, Kansas City, MO, withdrew as a TPA.

The Mayflower Insurance Co., LTD, Chicago, IL, redomesticated from Indiana to South Carolina.

McDaniel Hazley Group, Inc., Kansas City, MO was admitted as a TPA.

Montgomery Ward Insurance Co., Ft. Washington, PA, changed its name to **Heritage Casualty Insurance Co.**

Mutual Protective Insurance Co., Omaha, NE, converted from a property and casualty company to life and health insurance company with accident and health authority.

National Accident Insurance Underwriters Inc., Arlington Heights, IL, withdrew as a TPA.

Nonprofits Insurance Co., Minneapolis, MN, changed its name to **Riverport Insurance Co.**

North Missouri Mutual Insurance Co., Princeton, MO, added liability authority.

New York Life and Health Insurance Co., Nashville, TN, changed its name to **Direct General Life Insurance Co.**

Newark Insurance Co., Bethpage, NY, withdrew its certificate of authority.

Old Missouri Mutual Insurance Co., Buffalo, MO, added liability authority.

Protective National Insurance Co. of Omaha, Lincoln, NE, certificate of authority revoked.

Providence Property & Casualty Insurance Co., Dallas, TX, was admitted with liability authority.

(See Regulatory actions, p. 7)

Regulatory actions

(continued from p. 6)

Prudential Commercial and Casualty Insurance Co., Boston, MA, changed its name to **LM Personal Insurance Co.**

Prudential General Insurance Co., Boston, MA, changed its name to **LM General Insurance Co.**

Prudential Property and Casualty Insurance Co., Boston, MA, changed its name to **LM Personal Insurance Co.**

Medco Health LLC, Franklin Lakes, NJ, was admitted as a TPA.

Medical Center Health Plan, The, Philadelphia, PA, withdrew as a HMO.

Pinnacle Consortium of Higher Education RRG, Burlington, VT, registered as a risk retention group.

Quanta Specialty Lines Insurance Co., Indianapolis, IN, was approved as a surplus lines company.

RSUI Indemnity Co., Atlanta, GA, converted from an accredited reinsurer to a property and casualty company with property, liability and miscellaneous authority.

Regional Health Insurance Co. RRG, Hamilton, Bermuda HM12, was registered as a risk retention group.

Rewards Plus of America Insurance Agency, Hunt Valley, MD, withdrew as a TPA.

S USA Life Insurance Co., Newark, NJ, added accident and health authority.

Sears Life Insurance Co., Fort Worth, TX, redomesticated from Illinois to Texas.

Shelby Casualty Insurance Co., Birmingham, AL, redomesticated from Indiana to Illinois.

Specialty Risk Services LLC, Hartford, CT, changed from a corporation to a limited liability company. (See *Regulatory actions*, p. 8)

Susie Schulte Wins MAIA's Outstanding Service Award



The Missouri Association of Insurance Agents presented MDI's Susan Schulte with the E. Elwood Willard Outstanding Service Award.

Only 11 people have won this periodic award since its inception.

Schulte was given the award because of the "profound impact she has had on the industry and insurance business for a number of years."

Schulte has been with the department for 14 years and has earned the respect of not only her co-workers and the Directors she served, but the industry as well.

General American liquidators file lawsuit against Morgan Stanley

Missouri Department of Insurance Director Scott Lakin, as liquidator for General American Mutual Holding Co. (GAMHC), has filed a lawsuit in St. Louis City Circuit Court alleging Morgan Stanley & Co. investment banking firm had conflicts of interest that damaged the value of the insurance holding company.

The lawsuit alleges Morgan Stanley, which had been under contract to advise General American on an initial public stock offering and other matters, is responsible in part for the 1999 liquidity crisis of General American, which led to the sale of its assets at reduced prices to MetLife in January 2000.

The lawsuit maintains that, based on Morgan Stanley's own assessment, General American lost \$1 billion in actual value as a result of that crisis, and it seeks up to another \$3 billion in punitive damages as well as a return of the fees paid to Morgan Stanley. [A copy of the lawsuit is available on-line.](#)

With the litigation, Lakin and special deputy liquidator Albert A. Riederer are fulfilling their legal responsibility to recover all amounts owed to the previous owners of GAMHC, who were the policyholders or "members" as of Jan. 5, 2000.

The final distribution of assets to the members of GAMHC will occur after the Morgan Stanley case is concluded.

For further information, contact: [Randy McConnell](#) at (573) 526-4845.



Regulatory actions

(continued from p. 7)

State National Specialty Insurance Co., Fort Worth, TX, changed its name to **National Specialty Insurance Co.**

Statewide Insurance Co., Waukegan, IL, certificate of authority and TPA revoked.

Superior Vision Services Inc., Rancho Cordova, CA, was admitted as a TPA.

Systemed LLC, Montvale, NJ, withdrew as a TPA.

The Travelers Indemnity Co. of Illinois, Hartford, CT, changed its name to **Travelers Property Casualty Insurance Co. of America**.

TPA Services, LLC, St. Louis, MO, was admitted as a TPA.

Travelers Casualty and Surety Co. of Illinois, Hartford, CT, changed its name to **Travelers Casualty Insurance Co. of America**.

Trizetto Group, Inc., Newport Beach, CA, withdrew as a TPA.

Union Town Mutual Insurance Co., Warrensburg, MO, merged with **Cameron Central Mutual Insurance Co.**

United Concordia Co., Inc., Harrisburg, PA was admitted as a TPA.

U.S. Aegis Energy Insurance Co., Farmington, CT, changed its name to **Darwin National Assurance Co.**

Vesta Fire Insurance Corp., Birmingham, AL, redomesticated from Alabama to Illinois.

Vesta Insurance Corp., Birmingham, AL, redomesticated from Alabama to Illinois.

Voyager Life Insurance Co., Miami, FL, merged with and into **American Bankers Life Assurance Co. of Florida**.



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